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Translating Industrial Behavior into Warning Judgments

(S NF) Soviet civilian and military theorists remain deeply concerned about the economic consequences of war and ways to mitigate them. During the 1980's academicians, such as A.I. Pozharov, and military men, including Chief of Rear Services MSU Kurkotkin and former Chief of the General Staff MSU Ogarkov, have drawn on the lessons of World War II to remind leadership and populace of the linkage between military and economic might. For the Soviets this is a matter of national survival; for the Western Alliance, a target for strategic warning.

(S NF) The Soviet writers and emigres describe in detail and contrast economic activity in support of general war readiness versus economic mobilization for a specific war. According to Kurkotkin the differences include,

- increased centralization of economic management;
  - dedication of finance and other services to military needs;
  - reallocation of manpower ;
  - reorientation of science to practical applications;
  - reorganization of transport;
  - mobilization of agriculture;
  - shifts of enterprises to military industry from other national sectors,
- In this list industrial changes form part of a mobilization mosaic that involves the whole nation.

(S NF) Kurkotkin and others attribute Soviet wartime success in reaching full economic mobilization to a superior system.

The advantages of the planned socialist economic system made it possible to quickly carry out a number of major measures to convert the nation's economy from a peacetime to a wartime status,....

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Soviet confidence in the ability to quickly convert provides reassurance that the activities readily and routinely observable in the Soviet economy are peacetime behavior with a mixture of general war preparations. By comparison with North Korean war preparations, the Soviets seem lax. In any case, there is then a critical threshold for change that signals an order to prepare the national economy for war. Pozharov's book, Economic Bases for the Defense Might of a Socialist State, reinforce this conclusion by pointing out, conveniently, that the Mobilization Plan is distinct from the Five Year Plan. He describes in the former a genuine contingency plan, predicated on economic activity different in scale, style, standards and tempo.

(S NF) Actual Soviet behavior and the writings provide a useful reminder of the important relationship between political decisionmaking and economic activity. The Soviet Union constantly confronts the observer with the patterns and traits of top-level decisionmaking. The prevailing peacetime activity directly reflect deliberate decisions as much as would the conversion to a wartime economy. Consequently, economic behavior in peacetime pursuit of the Five Year Plan forms a reliable baseline for detecting warlike changes. The state of Soviet decisionmaking gives impetus and meaning to economic activity, determining whether the direction is towards peace or war -- that state is the ultimate warning target.

(S NF) This treatment of normalcy as a deliberate, vice a default, decision enables validation of the day-to-day norms. Anomalies stand out sharply as departures from known peacetime behavior. A major drawback of most indicator based systems is that the only test of their validity is the ultimate one -- war, at which point they become irrelevant. The strategy adopted in this study avoids that.

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(S NF) Every economic system depends on its own patterns and routines to provide a stable and predictable foundation for economic activity to flourish. Raw materials must be produced, processed; and goods shipped and distributed, accounted for and turned to good use. By knowing these patterns, both on micro- and macro-levels, aberrations can be tracked and assessed with great confidence. A normative approach reveals whether these mean the nation is preparing for war and, just as importantly, whether it is not.

#### The Texture of Warning

(S NF) Economic indicators are commonly lumped with political activity as "soft" versus military activity which is described as "hard". The battle for the textural high -- or hard -- ground tends to shroud the real criteria for warning information: early, reliable and diagnostic of the threat.

(S NF) The traditional focus on avoiding surprise has produced a minimalist outlook that sells short the enormous potential for warning inherent in industrial behavior. Surprise harm is surely the worst kind, but harm is the target -- and harm can be avoided. Warning must be early enough for minimal and late measures to mitigate harm, but it can be much earlier so that national leaders have options besides activating contingency plans. Industrial indicators expand the time horizons for deciding.

(S NF) Whatever supports a warning judgment should be reliable, from credible sources or in quantities that frustrate deception. Industrial behavior is trustworthy because it is difficult to hide and costly to tamper with.

(S NF) A fault with most warning indicators is that they are relevant to

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too many possible and plausible explanations. They lack diagnostic strength to make one stand out as more probable than any other. Industrial data is far less ambiguous than most other data sets primarily because of the rigidity of the Soviet, or any command, economic system. Even Pozharov describes only two major choices: operations under the Five Year Plan or under the Mobilization Plan.

(S NF) Serious analysts of the Soviet warfighting capabilities disagree as to the timing of economic mobilization. And the World War II example is not useful in resolving the debate. Nevertheless, the Soviet writers point with pride primarily to the three years of pre-war preparations that made possible rapid economic mobilization in 1941/42 despite the German invasion. They also recognize that the time needed to convert the economy to a war footing is dramatically longer than that needed to ready the armed forces for war.

(S NF) Without quantifying times, the Soviet writers imply that the surest way to achieve both strategic surprise and optimal economic war readiness is through careful, long term and gradual preparations. In 1937, Imperial Japan passed legislation that was intended to spark nationwide expansion of the machine tool industry in support of arms production. This was deliberately crafted to support the war effort which resulted. Pozharov claims the Soviets did similar things for the same reasons in 1939.

(S NF) The relative rarity of industrial mobilization and the costs of disruption make industrial indicators highly reliable. Although managers are lax in meeting planned goals, they are diligent in protesting their efforts to achieve them. Position, status and all the advantages of the Soviet system hinge on performance under the Plan. Consequently the system resists change with enormous inertia unless it is unavoidable.

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This rigidity exaggerates the effects of what would be minor distortions in other systems. For example the logjam of railroad cars in the Transcaucasus at the Iranian border has produced damaged economic ties with shippers as far away as the Netherlands. When the Soviets withheld military support to the harvest in 1983, not only was the harvest poor, but Soviet leaders ultimately had to reassure the public that war was not inevitable.

(S NF) In terms of warning opportunities, these traits mean that what occurs in industry is genuine. The Soviets can't bluff with production and worker operations the way military forces can be used. The Soviets boast about their ability to remove production to sites east of the Urals, but they don't practice it.

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as well as the domestic populace. Nevertheless, Soviet writers and emigres confirm that these areas are the strength of the Soviet system and have real wartime plans.

Phasing

(S NF) Although Soviet theorists basically describe only peacetime and wartime operating modes, in fact, there are some subtleties useful for warning that stem from system rigidity. Local plant managers are as reluctant as their seniors to depart from plan norms because everything depends on the plan until the moment the plan is replaced [REDACTED]

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[REDACTED]  
[REDACTED] The compromise position

is to accelerate things already planned that help achieve plan and non-plan goals, use extra hours for inspections and low cost improvements and generally bring routine operations up to a higher standard.

(S NF) Kurkotkin and Pozharov describe a second phase in which some plants stop production, others convert to secondary lines, plant expansion is stopped in all but defense arms producers and so on. These activities would precede and prepare for full economic mobilization which the Soviets claim would continue until exhaustion.

The Baseline

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(S NF) The ability to diagnose changes relative to war decisionmaking depends on the quality of the baseline. [REDACTED]

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(S NF) The wiring diagram of Soviet Party and government control entities enables a determination of the level at which a decision must be made to achieve similar effects in dissimilar industries. Political decisions are required to change operations the same way across all sectors, as during conversion to a wartime economy.

(S NF) During the next five years large changes are likely as the Gorbachev team endeavors to execute reforms. Many are likely to resemble war-related activities. The industrial indicators should and will register

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these but as benign. For one thing, they will be sector, perhaps even plant, specific. Reform will mean and require different operations sector by sector. Most importantly, the activity will be dedicated to making the Plan work or restoring some lagging area under the terms of the new Five Year Plan. The result in the long run may be improved general war readiness, but that is not a threatening condition.

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(S NF) From time to time serious natural disasters and other disturbances have occurred producing mobilization results that are in fact prescribed for war mobilization as well. Emergency planning is established for that. Once again, however, this activity is sectorally narrow and designed to restore conditions lacking the scope of war preparations. In fact, the only event that can achieve the combination of activities that compose war preparations is a central decision.

(S NF) Industrial indicators, as described in this study, represent a different way of looking at the warning problem and disclose vulnerabilities previously overlooked by most analysts. Far from being "soft", they have rigidity that supports high diagnostic value; costs and risks that make them "harder" than military activity in many respects. More importantly they demonstrate the essential roots of military capabilities in the economic life of the nation.

(S NF) By developing economic and industrial indicators, the intelligence community has moved towards a genuine strategic warning capability that enables warning of the actual national progression to war.

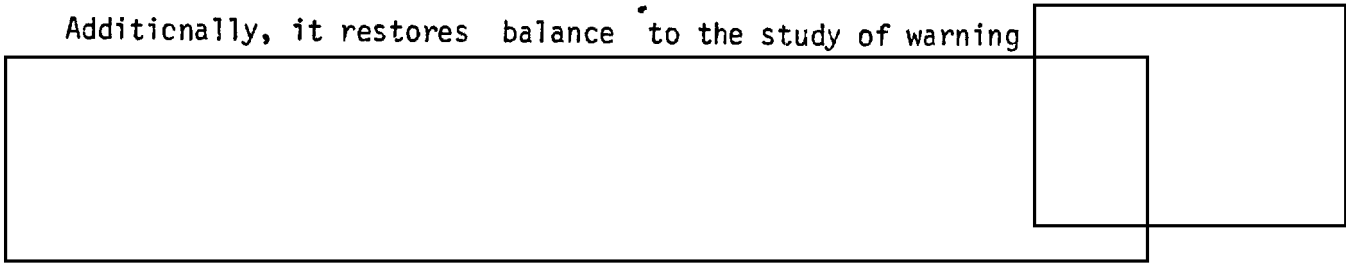
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Additionally, it restores balance to the study of warning

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